

# SECORD RECOUNTS BEING TOLD REAGAN KNEW OF HIS WORK

By DAVID E. ROSENBAUM

Special to The New York Times

WASHINGTON, May 6 — Maj. Gen. Richard V. Secord, a main organizer of the Iran arms sales and the contra supply operation, testified today that he had been told several times that President Reagan knew of his efforts.

General Secord, a retired Air Force officer, in his second day as the opening witness before the Congressional committees investigating the Iran-contra affair, said he had never talked with the President personally about either matter. But he added:

"On a few occasions, I heard Oliver North, in an offhand and I think humorous vein, remark that in some conversations with the President, he mentioned that it was very ironic that some of the Ayatollah's money was being used to support the contras.

"Whether he actually said this to the President, or whether he was joking with me, I'm not sure." [Excerpts, page A15.]

## Not Taken as a Joke

Lieut. Col. Oliver L. North, a former National Security Council official, has been reported to exaggerate at times. But General Secord added, "I did not take it as a joke."

Mr. Reagan has maintained that he never held detailed private conversations with Colonel North, who was in charge of the secret operations, and that he knew nothing of the diversion of funds from the Iran arms sales to the Nicaraguan rebels, known as contras.

The White House spokesman, Marlin Fitzwater, refused to comment directly on General Secord's assertions. But he noted that the President had said previously that he was unaware of the diversion of money.

## Reagan's Knowledge at Issue

The question of Mr. Reagan's personal knowledge is the central issue of the investigation. The committee members did not have the opportunity to pursue the matter further today, but General Secord will return to the witness stand Thursday.

General Secord also said Vice Adm.

John M. Poindexter, while national security adviser, had told him that President Reagan knew of and appreciated his work. General Secord said in his opening testimony Tuesday that everything he had done on behalf of the Iran sales and the supply of arms to the contras had been approved by the Administration, and his remarks today were meant to bolster that contention.

At the end of the day, committee members said they were intrigued by General Secord's remarks about the President but did not view it as conclusive evidence.

Most of the day was spent in a detailed recounting of the various arms transactions with Iran. Much of the material was explored thoroughly in the Tower Commission report, which was made public in February.

Still, General Secord broke some new ground, including these points:

¶ As early as December 1985, Colonel North suggested that surplus money from the arms deals with Iran should be used for the benefit of the contras.

¶ The general provided more precise information about the help that his activities for the contras received from William J. Casey, then Director of Central Intelligence, and other officials.

¶ The general destroyed some of his documents after the Iran arms sales became publicly known but before legal investigation had been announced.

General Secord also disclosed that on the afternoon last November when the diversion of profits to the contras was made public and Colonel North was dismissed from the White House staff, the colonel received telephone calls of support from Mr. Reagan and Vice President Bush.

The President's call, in which he is said to have referred to the colonel as a "hero" and told him his work "would make a great movie one day," has been widely reported. But this was the first mention of a similar call from Mr. Bush.

## Mostly Matter of Fact

As he had Tuesday in his opening testimony, General Secord, a stocky man with a military bearing, defended his activities as selfless and patriotic. He spoke mostly in a matter-of-fact tone, rattling off dates and figures without emotion.

But occasionally he raised his voice, especially when questions implied profiteering on his part. And at least once, he cracked a joke.

The chief counsel of the House committee, John W. Nields Jr., was trying to determine whether General Secord believed he could use proceeds from the arms sales in any way he wished.

"So you could have gone off and bought an island in the Mediterranean?" Mr. Nields asked.

"Yes, Mr. Nields," the general replied, "but I did not go to Bimini."

Mr. Nields, a stolid man who has been working day and night for weeks

on the investigation, apparently did not get the allusion to former Senator Gary Hart's travails. When the spectators laughed, Mr. Nields turned to Representative Michael DeWine, a Ohio Republican who sat to his left, to have the joke explained to him.

The hearings are expected to last at least through most of the summer, and General Secord was called as the first witness to provide an overview of the affair. His testimony is meant to set the stage for witnesses to follow.

Most of the day's interest focused on his answer to a single question Mr. Nields asked in midafternoon about his "understanding of the President's knowledge of the issue."

"I have no direct, first-hand knowledge about what the President knew or didn't know," the general replied. "As I think everyone knows, I never spoke with the President on this."

But he went on to say what officials including Colonel North, Mr. Casey, Robert C. McFarlane and Admiral Poindexter told him during the period. Mr. McFarlane, who resigned in December 1985, preceded Admiral Poindexter as security adviser. Mr. McFarlane is due to testify next week.

"I was told on a number of occasions, and I even recorded it once in a December 1984 memo to myself, that the President was informed of my participation in the contra and later in the Iranian operation," General Secord said.

"I had talked with the Director of the C.I.A., who was a close confidant of the President," he continued. "I assumed that he was passing information to him."

Mr. Casey died this morning.

## President Reported Pleased

"I talked with two different national security advisers during the two years in question here," General Secord said. "I've been at all the projects I was working on with Oliver North, and I was told by Admiral Poindexter in January of '86 that not only was he pleased with the work that I had been doing, but the President was as well."

The general then recounted how Colonel North had told him how he and the President had joked about using money from Ayatollah Ruhollah Khomeini, the Iranian leader, to finance the contras.

Colonel North has often been accused by his critics of exaggerating his importance and his relationship with the President. But Admiral Poindexter and Mr. Casey are known to have spoken with the President directly and regularly, and they do not have Colonel North's reputation for exaggeration.

Colonel North and Admiral Poindexter will be called to testify before the panels next month.

Continued

General Secord said he had wanted to talk to the President to urge him not to abandon support for the Iran and contra operations.

He was in a hotel room with Colonel North when Mr. Reagan called to offer support the day the colonel was dismissed from the White House staff. "I said, 'Let me have the phone,'" General Secord said, indicating that he had almost tried to grab the phone. "But it was too late. He hung up. I wasn't fast enough."

#### **'The People Would Understand'**

He wanted to tell the President, he testified, "that it was a good policy, and it was worth a try."

"The American people would understand the rationale that underlie such a policy, and we've done nothing wrong," he continued. "My advice would have been: 'Let's stake out our position. Don't cut and run.'"

Then General Secord's voice dropped. "I didn't get a chance to make that kind of speech," he said softly. "So I'll make it now."

He said the idea that surplus money from arms transactions be diverted to the contras was first suggested by Colonel North in December of 1985.

There have been conflicting stories in the past on how the diversion began.

Some sources have said the idea came from the Israelis, and others that it came from the Iranian middleman, Manucher Ghorbanifar.

General Secord said the idea arose because a month earlier, an Israeli named Al Schwimmer, a founder of the Israeli aircraft industry, had deposited \$1 million in a Swiss bank account that was being used for both the arms transactions to Iran and the contra supplies. The \$1 million was meant to pay the transportation costs of a shipment of American anti-tank missiles from Israel to Iran.

#### **He 'Made a Contra-bution'**

The shipment's expenses, however, amounted to only about \$200,000, General Secord said, and he asked Colonel North what to do with the surplus.

Colonel North said the money should be used for the contras, he said. "So Mr. Schwimmer made a contra-bution," General Secord said, apparently intending the pun.

"We'll let that one sink in for a minute," Mr. Niels said.

After that episode, the general said, Colonel North was "consistent" in suggesting that money left over from arms transactions be spent on the contra operation.

There was plenty of left-over money, nearly half of the total of \$30 million the Iranians paid. But General Secord said only about \$3.5 million was actually used to supply the contras.

More than half the remainder, according to financial records, is still in an account of General Secord's business partner, Albert Hakim, and the rest was used for other purposes. Some of the money was intended as normal business profit for the Hakim-Secord company, Stanford Technology Trading Group. But it was unclear what the rest of the money was intended for.

#### **Says He Took No Money**

General Secord said Tuesday that he had decided not to make any money from the deals because he feared that might hurt his chances for rejoining the military. He said today that his only income was the normal salary of \$6,000 a month that he drew from the company.

In fact, the general took offense at the notion that he might have made money from the deals.

"There was no intention of profiteering," he said, a sharp edge to his voice. "I know that some people were tossing this word around right now, and I resent it. There was no intention of profiteering. None."